

## MINES OF CHINA ATTRACT CAPITAL

British and American Interests Reported to Be Making Investments.

### NEED BETTER TRANSPORT

Reported Peace Conference Between North and South Fails to Develop.

Special Cable Despatch to the Far Eastern Section of THE SUN.

SHANGHAI, Dec. 1.—British and American capitalists are reported to be directing their attention to investments in the Chinese mining industry. The British are giving particular attention to coal. The great falling off in the production of coal in England has prompted capitalists to exploit the coal mines of Hunan, Hubei and Shantung provinces. As the means of transportation from China to England is inadequate it is believed it will have to be greatly developed before the mines are worked on an extensive scale.

As a result of personal investigations in China by Samuel Hill, a director of the Great Northern Railroad Company, an American plan of development has been formed. Influential Chinese have been approached and arrangements made for the acquisition of mining rights in Hubei Province.

Gen. Wang Juahin, commander of the Chinese Northern Army, stationed at Shansi, has appealed to Peking for money for the maintenance of his forces. He says that there have been no remittances since May.

Wang I-tang, who was sent here from Peking for a peace conference between the factions of the north and the south, says in a public statement that he has been looking for the conference for two months and more and has been unable to get a trace of it. Instead, he says, he has heard that he was so disgusted that he had committed suicide.

Another story was that he had died

## Soap Box Trick Easy for Pago Pago Natives

AMONG the passengers on one of the San Francisco-Sydney steamships recently was a contortionist who gave an impromptu performance for the natives at Pago Pago. Among his stunts was that of crowding himself into an ordinary soap box. The natives were delighted and as soon as the performance was over started to do his tricks. The soap box trick appealed to them most, so they concentrated their combined efforts upon it.

Finally one of the natives sat into the box and some of the others put a board across his shoulders and a lot of them piled on—and the trick was accomplished—but the results were fatal to the performer. When the natives realized what had happened they rushed aboard the boat to secure the services of the ship's doctor, crying, "He broke! He all broke!"

### MOTOR TRUCKS FOR CHINA.

Fifty to Be Bought Here by Shantung Company.

A development company located at Lungkow, Shantung province, China, realizing the hopelessness of railway communication with Weishan, due to present political and economic conditions, has planned to purchase fifty American motor trucks with a view to hauling the vast quantities of export produce and products to Lungkow for shipment abroad. This plan involves the cooperation of the Peking authorities in road repairing and construction from Lungkow to Weishan.

## EXPERTS REQUIRED IN CHINESE TRADE

American Firms Should Send Good Men to Make Connections.

### FIELD FOR SPECIALTIES

Those Who Attempt to Handle Too Many Lines Usually Fail.

This is the sixth of a series of articles especially written for the Far Eastern section of THE SUN, by G. Passeri, late Financial Adviser to the Bank of China and a resident of the East for twenty-three years.

By G. PASSERI.

If China offers a rich field in which the activities of American business men can have easy expansion, the peculiarities inherent in the trade with that country are such as to demand a careful study of conditions and a correct understanding of the situation, before attempting that market. Furthermore it will be necessary to realize that the trade with China is not a simple one, and that the demands of the internal trade, as well as those adopted to suit the demands of foreign markets, may not respond successfully when applied to business relations with China because of their unsuitableness to that particular field.

Years ago, much time was wasted in the endeavors to establish connections with the South American markets. Mistakes were made, much criticism was poured, but the result is that today a practical way has been found to handle the situation in an efficient manner, so efficient that competitors from other countries are beginning to feel uneasy about their prospects for future expansion on the same field. China, however, is practically a new market to the American business men and it may prove beneficial to mention what should not be done, in order to attain success.

There is a large demand in the United States for Chinese products, as well as in China for American manufactures, but to meet a competitor that is not always based on prices and qualities, it will be necessary to avoid mistakes that are of frequent occurrence, because they are not considered mistakes when applied to trade relations with other countries.

### Circulars of Little Value.

Speaking first about the export trade from China, it should be said that American firms ought not to attempt to import Chinese products into the United States, through indirect channels. It is customary, when intending to open up relations with a new country, to send out circulars to foreign agents and firms established there, with the idea of securing some valuable connections. As far as China is concerned such circulars would be useless and risky.

It should be remembered that first class foreign firms established there, without exception, already represented on the American markets either by agents or by their own organization and it would be futile to expect to compete with their representatives in the same field. Besides these firms do not pay much attention to circular letters of the kind mentioned and the probabilities are that they would find the way to the waste paper basket. An answer may be obtained from minor firms, but not from the United States, for the reason that nobody cared to represent them on this market and it is obvious that such relations would not prove satisfactory.

With regard to good Chinese firms, very few of them are doing direct foreign trade and have already their own connections. Some insignificant concerns may answer and may be taken seriously because of the impression created by the quaintness of the Chinese names. There is, however, no reason, therefore, but to send out to China one's own representative with the object of establishing direct connections.

Once that has been decided, the next mistake to guard against will be the desire to take up a good many, if not all, of the articles of export from China. It must be remembered that unless the firm opening up business with that market can afford to engage experts for each line, this procedure will result in a failure. The same man cannot handle hides and peanuts, silk and tea, and human hair, and if an attempt is made to touch those articles by persons not familiar with them, on the strength of a demand from the American end, and because the price seemed to be favorable and such as to allow of the buying of the products in China, there still remains the difficulty of knowing exactly what has to be bought. Hides, peanuts, silk, bean oil, tea and human hair are to be had in China in numerous qualities and unless a selection can be made on the spot by an expert at the moment when the Chinese dealers deliver the goods, nothing but losses will be incurred.

### Experts Needed in All Lines.

Even the Comprode, if one had been engaged, will not possess such a varied knowledge and besides it is not up to him to guarantee the qualities and guard the foreign firm, for which he is working, against taking delivery of the wrong articles. In fact it may be risky to let the Comprode understand that one is not familiar with the goods that are bought. New firms will have to be satisfied, therefore, with handling those few articles of export from China with which they are already acquainted and wait to engage experts for other lines, as soon as they have made a success of their own, unless of course they can afford to engage experts from the beginning.

There is nothing more discouraging for the representative in China than to receive constant inquiries for better articles at impossible prices and there is nothing more detrimental to the firm itself, as far as the confidence of the Chinese is concerned. Firms will have, therefore, to guard themselves against the inclination to entertain every offer that they receive at this end and be satisfied.



A PORTABLE restaurant in Macassar, Celebes. In the East, wherever one finds a Chinaman he finds a chance to buy something to eat.

Inded of two things before deciding to send a telegram to China. First, that the offer is genuine and that it comes from reliable people, meaning business, and second, that the price corresponds more or less closely to the market prices ruling in the United States at the time.

Quotations from China can be obtained in gold dollars, U. S. dollars, or in telegrams. The representative in China of the American firm will have to guard himself against the oscillations in the rate of exchange between silver, the standard on the basis of which he is buying, and gold, the selling standard. This matter, which forms one of the most difficult problems of the trade with the Far East, will be dealt with fully in another article. It is introduced here only for the purpose of explaining that for that reason, as well as for many others, firms in the United States should not expect their representative in China to obtain "options" on different lots of products.

The offer, a firm offer if possible, good for a certain number of hours or days, according to the working of the cables, should be wired from the firm in the United States to their representative in China, who should be given a full specification. If that is not done, the Chinese will understand immediately with whom they are dealing and it is not advisable to give them the impression that there is something wrong somewhere.

With regard to the imports of American products into China, the remarks already made concerning the necessity of direct representation apply here as well. American firms should not expect to introduce to China articles for which the Chinese have no use, or those in the handling of which competition could not be satisfactorily met. The representative in China keeping his firm informed as to the articles to be selected; samples should be sent to the United States to be imitated as closely as possible, not only with regard to appearance, but as to quality and price.

Business cannot be expected to develop on catalogues printed in English, for those articles that cannot be handled otherwise a translation should be made and printed in China at a very small cost. It will be necessary, once it has been ascertained which are the articles most in demand, to keep a stock in China from which deliveries can be made, replacing the goods whenever deliveries have occurred.

Merchandise to be shipped to the Far East should not be packed in the same manner as those intended for the internal trade. It must be mentioned that one of the drawbacks of American trade with China is found in the inefficiency of packing of goods for export there. Many are the instances that could be given when orders were cancelled on that account after the arrival of the first shipment.

Prices to the Chinese can be quoted in gold dollars, U. S. dollars, or in telegrams. The representative in China will add the cost of freight, insurance, commission, etc., if U. S. dollars are required. It should, however, be avoided to quote prices ex-warehouse or factory.

### TIFLIS STRUGGLES TO RESTORE TRADE

Cash Still Only Safe Way to Do Business.

Normal commercial conditions are not yet restored in Russia and for all products that can be delivered, according to United States Vice-Consul H. A. Doolittle. The only safe terms of credit for the present would be cash American or other foreign currency. In advance, which, in some cases, might prevent sales. An alternative would be to have a representative in Tiflis who could make the sales and accept payment therefor in the local currency in purchasing local products for exportation.

In general, the conditions here may be said to be those of a new country, in which strong efforts are being made to restore normal conditions of living. The Government is taking an active interest and is endeavoring to assist in bringing in needed foreign goods and arranging for payment therefor by the exportation of local products. As with all new markets, there are sure to be certain advantages for those who come in early.

A Lesson in Conservation. If the native boatmen (and women) of China knew the wealth in wood which might be reclaimed from the Hudson and East rivers there would probably be a mad exodus of junk and sampans from the harbors of that Far Eastern republic. To those who know how easily every little two inch block of wood is hauled aboard these native boats as they sail along it might seem a pity that the great beams and boards allowed in these New York waters should be allowed to go down to the sea.

## DUTCH EAST INDIES AN INVITING FIELD

Population of 50,000,000 in Need of Things Made in America.

### BUYING CAPACITY GOOD

Islands Also Source of Supply for Raw Materials Needed Here.

By J. W. EVANS.

Written for the Far Eastern Section of THE SUN.

There are mighty few American business men these days who are not thinking more or less of the foreign trade and the foreign investment idea. Manufacturers think of it in terms of export; merchants in terms of import; engineers in terms of service; and everybody with money to invest in terms of stocks, bonds, and new commercial enterprises. Opportunity is calling to us from the ends of the earth. There is so much of it that the difficulty is to pick the best.

Everybody knows about the big places of course. China? Yes. South America? Of course! Europe? Unquestionably! Russia? Maybe; some time! The Dutch East Indies? Eh? What? Where's that?

A lot of us think it's down somewhere in the Caribbean. That's how much we've thought about the Dutch East. That's how we've been overlooking this, one of the very biggest bets of the lot, though it's right under our nose, regularly pumping out our financial ribs in its effort to draw our attention.

On the map they look like a lot of specks—Sumatra, Java, Borneo, Celebes, New Guinea, and a lot of lesser Pacific islands, straggling there out into the East from the tip of the Malay Peninsula. But get out your thumb rule, gauge it by the scale of miles, and then it happens. Three thousand miles long, by gum! And the area? Try page 91 of the Atlas—750,000 square miles; and the population? Fifty million! Why, that's something like the area of the United States east of the Mississippi; and half our population! At that rate there must be something in it!

You're right! There is! It beats the wealth of Ormuz and of India! It is one of Mother Earth's treasure houses; men have fought and striven for its riches ever since Magellan stuck it on his way round the globe. They had no statistics in those days; but in terms of the year 1917 its foreign trade was \$520,000,000 worth; and that's just a beginning. There's more coming; and happy the man who is far-sighted enough to crawl in under the sides of the big tent now, before the crowd pours in at the doors and pays high for reserved seats.

As for its commercial possibilities they've hardly been scratched. Don't forget that! It's new soil. And it's waiting—waiting for America to wake up, waiting for us to stop thinking about every other part of the habitable globe just long enough to take a look at the facts.

And the facts, a few of them, are these:

First, the Dutch East is the source of certain staples absolutely necessary to us, such as rubber, quinine, tea, coffee, copra, tin, oils, fibres, spices and the like. We have in the past got these from the Dutch East indirectly, through European middlemen. But the war forced a direct trade, which must now continue.

Second, the capacity of the Dutch East for absorbing American manufactured goods is like unto a bottomless pit and is regularly becoming more so.

Third, the Dutch East Indies Colonial Government is reaching out for American capital, trying to persuade American investors, American importers and American exporters to come in and take hold under the exceedingly liberal terms and the strong protection which it offers. Moreover exchange conditions are kept at par by their gold reserve in this country.

That means the development of the country with American machinery. American engineering services brought in by American contractors, and a greater and greater flood of American manufactured products of all kinds.

There isn't a clearer call in the air for American business to-day.

### SYRIAN TRADE UNCERTAIN.

In view of the general upheaval and drastic changes in commercial circles in northern Syria during the war American firms seeking export trade should at present grant few if any concessions in the way of credit to purchasers, United States Consul J. B. Jackson reported from Aleppo, Syria. Sales should be made on a cash with order basis, or at least a liberal payment in advance and the balance "against documents."

Samples should be forwarded by parcel post, suitable transportation lines should be utilized and prices quoted c. i. f. Beirut and Alexandria, the ports for Aleppo and interior points.

Exports to the United States will again become important with the re-establishment of pre-war transportation lines and such new ones as obviously may soon be in operation between Syrian ports and the United States. No material change in the articles exported is expected.

While a number of firms are conversant with English, French is the language in general use in commercial circles, and correspondence catalogues and price lists should be in that language whenever possible.

### SIBERIAN TRADE NOTES.

OMSK.—Arrangements have been made with the United Cereals Association of Siberia whereby the entire butter output of that province is to be purchased by the All Russian Government.

VLADIVOSTOK.—Representatives of French houses are negotiating for 250,000 pounds of butter to be shipped to France from Siberian ports. They state that the shortage there is pronounced and that they are in position to furnish the necessary bottoms to transport the goods.

OMSK.—At a convention of Siberian Cooperatives held here plans were made for the building of a barge for coal from Balaklava among the people. The recent Soviet decree ordering all cooperatives disarmed and their property confiscated has been resumed.

NEW YORK.—The Russian Embassy has announced that American goods for the Red Cross in Russia will have free transportation and that the personnel of the society sent to accompany the goods will be carried free under the protection of the Russian Government.

VANCOUVER, B. C.—The first shipment of Siberian flax fibre consigned to the United States has arrived here from Vladivostok. It is consigned to the United Credit Union of Siberia, at New York. The flax consists of 150 tons of first class flax fibre.

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